

## Message Text

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62

ACTION ARA-17

INFO OCT-01 ADP-00 AGR-20 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 H-02

COME-00 CIAE-00 INR-10 NSAE-00 PA-03 PRS-01 USIA-12

RSR-01 /137 W

----- 089354

R 021713 Z MAY 73

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 7308

INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 2290

DEPT PASS AGRICULTURE

E. O. 11652: N/ A

TAGS: EAGR, EC

SUBJECT: RAMIFICATIONS FOR ECUADOR OF POSSIBLE U. S.

QUOTA ON MUSHROOM IMPORTS

1. FOLLOWING IS EMBASSY TRANSLATION( UNNECESSARY WORDS OMITTED) OF ECUADOREAN MINISTRY OF FOREIGN RELATIONS NOTE 22 DATED APRIL 4, 1973.
2. QTE THE MINISTRY OF FOREIGN RELATIONS HAS THE HONOR TO REFER TO A REQUEST MADE TO THE USG BY THE SENATOR FROM PENNSYLVANIA, MR. HUGH SCOTT, THAT, IN CONFORMITY WITH SECTION 204 OF THE 1956 AGRICULTURAL LAW, A LIMIT BE SET ON IMPORTS OF PROCESSED MUSHROOMS FROM VARIOUS COUNTRIES, INCLUDING ECUADOR, AND THAT SUCH IMPORTS BE PLACED UNDER THE QUOTA SYSTEM. THIS REQUEST HAS BEEN SUBMITTED AS A RESULT OF A DECISION TAKEN BY THE PRESIDENT OF THE UNITED STATES TO CONDUCT AN INVESTIGATION OF THE MUSHROOM INDUSTRY.
3. QTE IN THIS CONNECTION, THE MINISTRY OF FOREIGN RELATIONS WISHES TO ADVISE THE EMBASSY THAT THE ECUADOREAN MUSHROOM

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PROCESSING INDUSTRY HAS INCREASED AND IS CURRENTLY CARRYING ON AN ACTIVITY WHICH PROVIDES EMPLOYMENT AND SUBSISTENCE TO A GREAT MANY ECUADOREANS, AND THAT, IN ADDITION, THERE ARE COMPANIES, SUCH AS THE AMERICAN MUSHROOM CORPORATION ECUADOR S. A. ( AMCESA), AN AFFILIATED COMPANY OF THE AMERICAN FIRM IRON MOUNTAIN INCORPORATED, WHICH MAINTAIN COMMERCIAL RELATIONS WITH THAT NATION. ACCORDING TO STATISTICAL DATA, A XEROX COPY OF WHICH IS ENCLOSED HEREWITH, THE EXPORTATION OF MUSHROOMS PROCESSED BY THE FOREMENTIONED ECUADOREAN COMPANY CURRENTLY AMOUNTS TO US \$40,000 PER MONTH. WHEN AMCESA, 98 PERCENT OF WHOSE CAPITAL IS OWNED BY U. S. CITIZENS, COMPLETES THE EXPANSION OF ITS INSTALLATIONS, IT WILL BE ABLE TO EXPORT AN ESTIMATED 145,000 LBS. PER MONTH, VALUED AT APPROXIMATELY US \$100,000, BEGINNING IN THE SECOND QUARTER OF THE CURRENT YEAR.

4. QTE IN VIEW OF THE FOREGOING, THE MINISTRY OF FOREIGN RELATIONS EARNESTLY REQUESTS THAT THE EMBASSY KINDLY CONVEY TO ITS GOVERNMENT THE CONCERN OF THE NATIONAL GOVERNMENT REGARDING ANY MEASURES WHICH MAY BE ADOPTED IN THE MATTER AND WHICH AFFECT THIS COUNTRY' S INTERESTS. UNQTE.

5. THE NOTE AND A ATTACHED FACT SHEET ARE BEING FORWARDED UNDER SEPARATE COVER.

6. COMMENT: U. S. OFFICIALS OF AMCESA WERE RECENTLY IN QUITO LOBBYING ALONG WITH THEIR ECUADOREAN MANAGERS AT THE MINISTRY OF AGRICULTURE FOR SUPPORT IN OBTAINING AN AMPLE QUOTA FOR ECUADOR. A LETTER FROM AMCESA TO THE MINISTRY PROMPTED THE ABOVE FOREIGN MINISTRY NOTE. AMCESA, WHICH IS 92 PERCENT U. S. OWNED, IS IN THE PROCESS OF A SUBSTANTIAL EXPANSION IN ECUADOR. ALTHOUGH IRON MOUNTAIN PLANS TO EVENTUALLY REDUCE ITS EQUITY IN AMCESA TO 49 PERCENT, IT WOULD SUFFER SUBSTANTIALLY IF IT WERE TO LOSE ACCESS TO THE U. S. MUSHROOM MARKET, WHICH RECEIVES OVER 90 PERCENT OF ITS PRODUCTION. BASED ON AMCESA' S SUCCESS IN ECUADOR, COFIEC HAS BEEN SEEKING TO PROMOTE INVESTMENT IN MUSHROOM PRODUCTION BY OTHER COMPANIES. FOR THIS REASON AMCESA IS ALSO CONCERNED THAT IT MIGHT HAVE TO SHARE A SMALL ECUADOREAN QUOTA WITH NEW FIRMS.

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**TAGS:** EAGR, EC  
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